

Message Text

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ACTION STR-04

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INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15
ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01
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ACTION STR

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E.O. 11652: N/A
TAGS: ETRD, MTN
SUBJECT: QUANTITATIVE RESTRICTIONS SUBGROUP MEETING,
MARCH 9-10,1977

1. SUMMARY: QUANTITATIVE RESTRICTIONS SUBGROUP HELD
TWO DAY MEETING TO REVIEW PROGRESS OF BILATERAL CONSU-
TATIONS AND CONTINUE DISCUSSION OF POSSIBILITIES FOR
FORMULATING ADDITIONAL NEGOTIATING PROCEDURES. NO NEW
POSITIONS PUT FORWARD AND AGRICULTURAL PROCEDURAL DIFFI-
CULTIES AVOIDED. END SUMMARY.

2. AUSTRALIAN DEL (FOGARTY) BEGAN MEETING WITH LONG
STATEMENT EMPHASIZING LACK OF PROGRESS IN LIBERALIZATION
OF QR'S OVER THE PAST 30 YEARS AND IN THIS AREA OF THE
MTN. HE CHARACTERIZED THEIR IDEA FOR A MULTILATERAL
PHASING -OUT OF QR'S INCONSISTENT WITH GATT AS A REALISTIC
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PLAN FOR IMPLEMENTING CONTRACTUAL OBLIGATIONS ADOPTED
BY GATT ADHERENTS IN 1940'S. AUSTRALIAN DEL INDICATED
THAT MULTILATERAL ASPECT OF THE US PROPOSAL WAS NOT IN-
CONSISTENT WITH THEIR POSITION, ALTHOUGH THEY WOULD PRE-
FER TO AVOID A CONFRONTATION/JUSTIFICATIO EXERCISE.
THEY MAY TABLE A DETAILED COMPREHENSIVE PROPOSAL AT A
LATER MEETING. IN RESPONSE TO SWISS DEL QUESTION WHETHER

AUSTRALIAN PROPOSAL WOULD COVER EXPORTS (AS IN US SUGGESTION), FOGARTY SAID THAT IF SUFFICIENT INTEREST SHOWN AND CONCRETE PROBLEMS DEMONSTRATED, ADEQUACY OF GATT QR RULES ON EXPORTS COULD BE REVIEWED. EC DEL (ABBOTT) INVITED THE AUSTRALIANS TO "FLESH OUT" THEIR PROPOSAL AND QUERIED WHETHER US MULTILATERAL APPROACH NOT "FADICAL ENOUGH" FOR AUSTRALIA.

3. US DEL (NEWKIRK) DELIVERED OPENING STATMENT ALONG LINES SET FORTH IN TPSC 77-14 DESCRIBING ELEMENTS OF US PROPOSAL TABLED AT LAST SUBGROUP MEETING AND INDICATING THAT WE PLAN TO SUBMIT REFINED QR NOTIFICATIONS IN THE NEAR FUTURE. US DEL ALSO SUGGESTED CIRCULATION OF ALL QU NOTIFICATIONS. CANADIAN DEL (BASTIEN) REITERATED THEIR PROPOSAL THAT SUBGROUP SHOULD BE SEEKING A REQUEST-OFFER PROCEDURE WITH MULTILATERAL MONITORING KMTN/NTM/W/6) AS THE BSET METHOD FOR THE OVERALL ELIMINATION OF QU'S. JAPANESE DEL (TERADA) WELCOMED POSITIVE US ATTITUDE AND, WHILE REPEATING WELL-KNOWN GOJ DOUBTS ABOUT US PROPOSAL (I.E. CONFRONTATION/JUSTIFICATION EXERCISE LEADING TO UNFRUITFUL "LEGALITY" DEBATE) SAID IT WOULD BE WILLING TO CONSIDER IT IN MORE DETAIL. SPECIFICALLY, TERADA INDICATED THAT ENLARGEMENT/LIBERALIZATION OF QUOTAS IS MORE REALISTIC ON BILATERAL BASIS BEFORE GETTING INTO A MULTILATERAL APPROACH ON QU'S. WITH REGARD TO TIMING, TERADA INDICATED PROGRESS MUST BE CONSIDERED IN THE QU SUBGROUP ALONG WITH THE PROGRESS IN OTHER SUBGROUPS AND GROUPS, PARTICULARLY CUSTOMS MATTERS AND SAFEGUARDS. ABBOTT INDICATED THAT THE EC WAS HAPPY WITH THE BILATERAL LIMITED OFFICIAL USE

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ELEMENT OF THE US SUGGESTION ALTHOUGH IT WOULD BE DIFFICULT FOR THEM TO TABLE FINAL OFFERS AT THIS STAGE. EC DID NOT SEE THAT THE MULTILATERAL ASPECT OF US SUGGESTION WOULD LEAD TO ANY PROGRESS AND OPPOSED US SUGGESTION FOR MULTILATERAL CIRCULATION OF QR NOTIFICATIONS. FEC AND JAPAN CHARACTERIZED RETALIATION AGAINST GATT INCONSISTENT QU'S IN US SUGGESTION AS CONTRARY TO IDEA OF LIBERALIZATION OF TRADE IN MTN. FYI: AS A RESULT OF A PRE-MEETING AGREEMENT, THE EC DID NOT RAISE THE QUESTION OF COMPETENCY OF THIS GROUP TO DISCUSS AGRICULTURAL QU'S. NORDICS AND AUSTRIA, HOWEVER, DID RAISE THIS ISSUE, AND US DEL MADE TRADITIONAL RESPONSE. END FYI.

4. SWITZERLAND CALLED FOR "PRUDENCE" BEFORE ADOPTING A MULTILATERAL NEGOTIATING APPROACH SINCE QU'S ARE MAINTAINED FOR A VARIETY OF DIFFERENT REASONS. AUSTRALIA WELCOMED THE US AND AUSTRALIAN APPROACHES NOTING THAT SUBSTANTIAL QR LIBERALIZATION CAN BE ACHIEVED ONLY THROUGH MULTILATERAL APPROACH. THE UNITED KINGDOM

SPEAKING FOR HONG KONG STATED IT COULD GO ALONG WITH US APPROACH, ALTHOUGH IT DOUBTED WORKABILITY OF CONFRONTATION/JUSTIFICATION PROCEDURES FOR CASES WHERE A COUNTRY IS UNWILLING TO DISCUSS A PARTICULAR QR AND HOPED THAT REPORTS OF BILATERAL CONSULTATIONS WOULD INCLUDE GATT JUSTIFICATION FOR QR. YEGOSLAV DEL INDICATED THAT THEY COULD GO ALONG WITH THE US PROPOSAL AS A COMPROMISE TO MOVE THINGS ALONG. HE SUGGESTED, HOWEVER, THAT A TIME LIMIT BE SET ON BILATERAL SAPECT SO THAT DELS COULD PROCEED TO THE MULTILATERAL STAGE MORE QUICKLY.

5. LDC POSITIONS: ECUADOR DEL, SPEAKING FOR ANDEAN GROUP, INDICATED THAT NEITHER THE US NOR THE AUSTRALIAN PROPOSAL GAVE SUFFICIENT CONSIDERATION TO SPECIAL AND DIFFERENTIAL TREATMENT FOR LDC'S AND CAUTIONED THAT CURRENT BILATERAL PROCEDURES SHOULD NOT BE LIMITED OFFICIAL USE

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THE NEGOTIATING MECHANISM. BRAZILIAN DEL (BARTEL ROSA) SUPPORTED BY ARGENTINA, INDICATED THAT GOB FELT THAT WE SHOULD MOVE AS QUICKLY AS POSSIBLE TO MULTILATERAN STAGE OF NEGOTIATIONS. HE INDICATED THAT US PROPOSAL IN CONSTRUCTIVE TO EXTENT THAT IT OPENS A WAY TO MULTILATERAL NEGOTIATIONS ON QR'S. MEXICAN DEL ALSO INDICATED THAT US PROPOSAL MAY BE COMPLEMENTARY TO LDC PROPOSAOS. INDIAN DEL (HEMRAJANI) GAVE LENGTHY STATEMENT REITERATING THEIR PROPOSAL PRESENTED THREE YEARS AGO (MTN/3B/18) EXPRESSING DISSATISFACTION WITH LACK OF CONSIDERATION BEING GIVEN TO LDC PROBLEMS IN THIS AREA AND URGING THAT ITEMS OF INTEREST TO LDC'S (TEXTILES AND AGRICULTURE) NOT BE EXCLUDED FROM NEGOTIATIONS.

5. SUBGROUP DECIDED THAT NEXT MEETING SHOULD BE HELD BEFORE THE END OF JUNE WITH THE SPECIFIC DEATE TO BE SET BY THE NTM PARENT GROUP AT ITS APRIL 18 MEETING. DISCUSSION OF IMPORT LICENSING PROCEDURES REPORTED SEPTEL. CULBERT

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